

SECTION M
EVALUATION FACTORS FOR AWARD

M.1. 52.217-3 EVALUATION EXCLUSIVE OF OFFERS (APR 1984) (DEVIATION)

For the health care contract line item number (CLIN) (excluding Fee) the Government will evaluate offers, for award purposes, by including only the price for Option Period I; i.e. Option Periods II through V will not be included in the evaluation for award purposes.

M.2. 52.217-5 EVALUATION OF OPTIONS (JUL 1990) (DEVIATION)

For all contract line item numbers (CLINs), except for health care, except when it is determined in accordance with Federal Acquisition Regulation 17.206(b) not to be in the Government's best interests, the Government will evaluate offers for award purposes by adding the total price for all options to the total price for the basic requirement. Evaluation of options will not obligate the Government to exercise the option(s).

M.3. Basis of Evaluation

a. General

- (1) This is a competitive source selection and will be conducted in accordance with the Federal Acquisition Regulation (FAR) and applicable supplements, authorized deviations, and authority to award three contracts using full and open competition after exclusion of any one contractor from being awarded more than one contract under the solicitation.
- (2) The Government has established a Source Selection Evaluation Board (SSEB) to evaluate proposals submitted in response to this Request for Proposal (RFP). Proposals will be evaluated by the SSEB using the evaluation factors and subfactors identified below. Proposals which are unrealistic in terms of technical capability or are unrealistically high or low in cost will be deemed reflective of an inherent lack of technical competence or indicative of a failure to comprehend the proposed contractual requirements and will be rejected.
- (3) The source selection for each of the three contract Regions resulting from this RFP will be based on the proposal representing the best value (which will include the risk associated with the proposal) to the Government for each contract Region, as determined by the Source Selection Authority to be consistent with furnishing high quality health care in a manner that protects the fiscal and other interests of the United States. If the proposals evaluated as the best value for each contract Region could result in award of more than one contract to any one contractor, the Source Selection Authority shall assess the alternative selection of proposals, taking all contract Regions into account, and make the selection of proposals for award that, in the aggregate, the Source Selection Authority determines will provide the best value to the Government while protecting the best interests of the Government. In determining whether it is in the best interests of the Government to select a proposal for contract award, the Source Selection Authority shall exercise the authority to exclude any one contractor from being awarded more than one contract under the solicitation and shall assess the alternative selection of proposals determined appropriate to reduce the risks to stability in administration of the TRICARE program, to the continuous availability of health care services for TRICARE beneficiaries, and to the fiscal interests of the Government."

b. Evaluation Approach

The Government will evaluate:

- (1) The extent to which the proposal exhibits a clear understanding of the work requirements and the means required to fulfill the requirements.
- (2) The extent to which the proposal demonstrates an ability to meet or exceed the requirements defined in the RFP and the quality of service which is likely to result from implementation of an offerors' proposed methods.
- (3) The likelihood of the offeror satisfactorily performing all RFP requirements within the cost and prices proposed.

M.4. Evaluation Factors

Evaluation factors and subfactors are:

a. Factor 1 - Technical Approach

- (1) Subfactor 1 - MHS optimization

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(2) Subfactor 2 - Beneficiary satisfaction

(3) Subfactor 3 - “Best value health care”

(4) Subfactor 4 – Transition In

(5) Subfactor 5 - Access to data

b. Factor 2 – Past Performance/Performance Risk

c. Factor 3 – Price

d. Factor 4 - Cost

M.5. Evaluation Factor Relative Values

a. The technical approach factor is weighted the highest. Past performance factor is less important than the technical approach factor but more important than the price and cost factors combined. Within the technical approach factor, subfactors 1, 2, and 3 are of equal importance and are each more important than subfactors 4 and 5; subfactor 4 is more important than subfactor 5.

b. All evaluation factors, other than cost and price, when combined, are significantly more important than cost and price. Price is more important than cost.

c. Offerors should be aware that if competing proposals are determined essentially equal in terms of non-price/cost factors, the Government may determine that the best value decision is the offer with the lowest price and/or cost. The Government may make tradeoffs between technical subfactors, past performance, price, and cost when determining which offer constitutes the best value to the Government. This tradeoff process may result in an award to other than the low priced or low cost offer or other than the proposal with the highest non-price/cost factor rating.

M.6. Evaluation of Technical Approach

Each technical proposal will be evaluated according to the evaluation factors and subfactors stated herein. Failure to address any of the specified technical subfactor requirements will be considered a significant weakness. Proposals will be evaluated on the basis of how well an offeror’s proposed procedures, methods, and delivery of services meet or exceed the Government’s minimum requirement. Where the Government has not specified a minimum standard, the Government will evaluate the offeror’s approach. The Government will consider offers that commit to higher performance standard(s), if the offeror clearly describes the added benefit to the Government. In determining benefit to the Government, evaluators will consider only benefits that accrue to the Government, non-network providers, or beneficiaries. The Government will favorably consider proposals that replicate the geographic areas where TRICARE Prime is currently offered as specified in Attachment 8. Each proposal will be evaluated separately and will be evaluated solely on its own merits. Each of the five technical approach subfactors will be assigned an individual proposal risk rating.

a. Factor 1 – Technical Approach

Subfactor 1 - MHS optimization

Proposals will be evaluated for supporting the optimization of the direct care system (see the definition of Military Treatment Facility Optimization in the TRICARE Operations Manual, Appendix A) through collaborative, DoD directed efforts in areas of medical management, referral management, provider network management, beneficiary and provider education, beneficiary/customer services, data management and data sharing, and resource sharing.

b. Factor 1 – Technical Approach

Subfactor 2 - Beneficiary satisfaction

The contractor’s ability to highly satisfy TRICARE customers during each and every contact will be evaluated. The Government will evaluate the contractor’s network access and stability model; referral management procedures; enrollment processing; all accessible avenues to customer service, including the variety of contemporary avenues (for example, telephone, facsimile, world wide web, e-mail) available to beneficiaries, providers, and MTFs to access

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information and data. The Government will also evaluate the offeror's ability to promptly and accurately process and reimburse claims. Proposals will be evaluated on the degree to which Government furnished material will be presented in a manner interesting to varied audiences and the offeror's ability to answer questions from the audience. The Government will also evaluate the standards proposed by offerors as well as the offeror's commitment to increase performance standards, as necessary, to achieve the objective of highly satisfied beneficiaries.

c. Factor 1 – Technical Approach

Subfactor 3 - "Best value health care"

Proposals will be evaluated regarding approach to attaining the "best value in health care" as applicable to the Military Health System. This evaluation will evaluate the offeror's model for networks, resource sharing; medical management/care coordination; demand management; network management; referral management; customer service; claims processing, including edits to ensure the medical necessity and appropriateness of the services rendered, and unbundling software, beneficiary and provider education and the offeror's commitment to supporting the MTF.

d. Factor 1 – Technical Approach

Subfactor 4 - Transition In

Proposals will be evaluated for implementing TRICARE in a manner that ensures that all aspects of the program are fully operational according to the requirements of the contract to include transitional activities. The offeror's approach to minimizing disruption to beneficiaries and the MTFs will also be evaluated. The evaluation will consider the contractor's approach to, and staffing required to implement, claims processing, marketing and education, resource sharing and the extent to which existing networks will provide the current level of service.

e. Factor 1 – Technical Approach

Subfactor 5 - Access to data

The ease with which the offeror provides access, the breadth and depth of information/data available, and the training and on-going support proposed by the contractor will be evaluated. Proposals that do not include on-line, real-time access to data will be considered unacceptable.

M.7. Evaluation of Past Performance/Performance Risk

a. Past performance will be evaluated utilizing the information obtained from past performance documentation furnished with the proposal and information obtained from other sources. Assessing an offeror's past performance is a key method of evaluating the credibility of an offeror's proposal and their capability to meet performance requirements.

b. The Government will evaluate past performance relevant to this solicitation. The outcome is to determine a confidence level in an offeror's ability to successfully perform all requirements. An offeror's description of their past performance, the reports and findings, the references provided, including appraisals completed by the references, and the submitted key personnel information will be used to develop a performance confidence level. Providing references that cannot be contacted by the Government may have an adverse impact on the past performance evaluation of an offeror.

c. If an offeror has no past performance history relating to the requirements stipulated in this RFP, the offeror's past performance rating will be neutral and will not be evaluated favorably or unfavorably. This rating is neither negative nor positive. Neutral is merely indicative of a lack of prior performance in the area of the requirements as outlined in this RFP. If an offeror submits applicable past performance information from a predecessor company or from a partner or consortium member, this information will be considered in rendering a performance confidence level rating. This rating will be based on the amount of past performance, its applicability to the requirements of this RFP, and the amount of control the partner or consortium member had in the daily operations of the offeror. An offeror shall submit past performance information on its key personnel where no other past performance information is available. The Government will also utilize their own records relating to predecessor companies, partners, consortium members, or key personnel where applicable and relevant. The Government will consider this information in rendering a performance confidence level rating. This rating will be based on the employee's role in the company and the amount of past performance the employee had related to the requirements of this RFP. Irrespective of whether the past performance data relates to a partner, consortium member, or an employee or group of employees, the Government may still render a performance confidence level of neutral if convincing and relevant past performance information is not available. If the foregoing information is not available, the Government may use relevant past performance information of subcontractors

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with a significant functional role in performing the contract. If the subcontractor(s) does(do) not have relevant past performance information, a performance confidence level of neutral will be assessed.

M.8. Evaluation of Price

All proposed administrative prices will be evaluated for price reasonableness and for unbalanced pricing. For contract award considerations, a “total evaluated price” for each offeror, for each contract region, will be calculated. The total evaluated price is comprised of the sum of the evaluated prices for the contract line item numbers (CLINs) or sub-CLINs detailed below. In addition, cost realism analysis will be performed on the per member per month (PMPM) and claims processing administrative prices based on information other than cost or pricing data submitted by the offeror. The PMPM and claims processing unit prices will not be adjusted for cost realism. Results of these analyses will be used to assess the offeror’s proposal risk, and may be used by the Contracting Officer in making a responsibility determination.

Total Evaluated Price The total evaluated price includes the priced line items described in paragraphs a. and b. below.

a. Administrative Support Services

(1) **Transition In:** The evaluated price for transition-in includes prices proposed for all geographic areas for the base period and option period I.

(2) **Disease Management Fixed Fee:** The total evaluated price includes the proposed fixed fee amounts for disease management for each of the five option periods.

(3) **Claims processing:** The evaluated price for the claims processing includes the claims processing effort for each of the five option periods. This will be calculated by extending the offeror’s proposed claim rate for each category (electronic, paper, and, in the South region only, foreign) by the Government claims volume estimates for each of the five option periods. The claims volume estimates are specified in Section B and included in Attachment L-8.

(4) **TRICARE Service Centers:** The evaluated price for TSCs includes the proposed prices for operation of TSCs for each of the five option periods.

(5) **Per Member Per Month:** The evaluated price for the PMPM line items includes prices for the PMPM administrative support services effort for each of the five option periods. These totals will be calculated by extending the offeror’s proposed PMPM unit prices by the Government’s estimate of the number of MHS eligible beneficiaries for each six month contract period. The estimates of the MHS eligible beneficiaries are specified in Section B and included in Attachment L-8.

(6) **Transition Out:** The highest proposed option period prices for transition out services will be included in the total evaluated price.

b. Health Care Services

Underwriting Fees: The proposed health care cost underwriting fees for option periods II through V will be included in the total evaluated price. The proposed health care cost underwriting fee for option period I is not included in the total evaluated price, rather it is included in the probable cost determination described in M-9.a. below. *For the West contract, only one fixed underwriting fee will be included for each one of option periods II through V in calculating the total evaluated price, depending on the Government’s determination to include or exclude Alaska residents in the underwritten health care cost pool.*

M.9. Evaluation of Cost

a. A cost realism analysis will be performed on the proposed target underwritten health care cost and underwriting fee for option period I to determine the probable cost. For the West contract, the probable cost determination will incorporate costs that either include or exclude the state of Alaska, depending on the Government’s determination to include or exclude Alaska residents in the underwritten health care cost pool. For the West contract, only one fixed underwriting fee will be included for option period I depending on the Government’s determination to include or exclude Alaska residents in the underwritten health care cost pool. The probable cost may differ from the offeror’s proposed target underwritten health care cost and will reflect the Government’s best estimate of the cost that is most likely to result from the offeror’s proposal. The probable cost will be used for evaluation purposes and will be determined by adjusting each offeror’s proposed target underwritten health care cost to reflect any additions or reductions in cost elements to realistic levels based on the results of the cost realism analysis.

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- b. The Government will evaluate the offeror's cost buildup methodology and justification for assumptions in association with the offeror's technical approach, as well as review the mathematical accuracy of the proposal. For those aspects of the buildup determined to be unrealistic, the Government will adjust the proposed target underwritten health care cost and target underwriting fee, in accordance with the fee adjustment formula, for evaluation purposes only. In the event that the probable cost determined by the Government differs from the proposed target health care cost, the Government will adjust the proposed option period I underwriting fee in accordance with the fee adjustment formula shown in Section H.1.b.(5) of the RFP. This is for evaluation purposes only.
- c. Results of this analysis will be used to assess the offeror's proposal risk and may be used by the Contracting Officer in making a responsibility determination.